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THE PETER PRINCIPLE*

WHY THINGS ALWAYS GO WRONG

BY DR. LAURENCE J. PETER AND RAYMOND HULL

*In a hierarchy, every employee tends to rise to his level of incompetence.

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THE PETER PRINCIPLE

Why Things Always Go Wrong

LAURENCE J. PETER
AND RAYMOND HULL

HARPER
BUSINESS

Dedication

This book is dedicated to all those who, working, playing, loving, living and dying at their Level of Incompetence, provided the data for the founding and development of the salutary science of Hierarchiology.

They saved others: themselves they could not save.

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FOREWORD

Dr. Peter's Useful and Hilarious Classic

BY ROBERT I. SUTTON

T*he Peter Principle* came as a revelation to my father, Lewis Sutton. He ran a little company in San Francisco called Oceanic Marine that sold furniture and related equipment, which he installed on United States Navy ships. His livelihood depended on U.S. government bureaucrats and shipyard managers, who often made him miserable. I grew up listening to his tirades about how these "overpaid idiots" insisted that he produce and procure poorly designed furnishings, how they could barely do their jobs, and how pathetically lazy they were. To make matters worse, senior government officials produced an onslaught of absurd procedures that required him to jump through an ever-expanding maze of administrative hoops—which wasted his time, drove up his costs, and made him crazy. He concluded: "The morons at the top must be paid to waste as much taxpayer money as possible."

My father loved *The Peter Principle* because it explained why life could be so maddening—and why everyone around you seems, or is doomed to become, incompetent. The people who ran the U.S. Navy and the shipyards didn't intend to do such lousy work. They were simply victims of Dr. Peter's immutable principle. They had been promoted inevitably, maddeningly, absurdly to their "level of incompetence." Dr. Peter also taught my father not to expect the few competent bureaucrats and managers he encountered to stick around for long, as they would soon be promoted to a job that they were unable to perform properly. Dr. Peter even showed that such incompetence had pervaded my dad's business for hundreds of years. The book quotes a report from 1684 about the British Navy: "The naval administration was a prodigy of wastefulness, corruption, ignorance, and indolence . . . no estimate could be trusted . . . no contract was performed . . . no check was enforced."

My dad took special delight in the pseudoscientific jargon that Dr. Peter invented to describe the weird and wasteful behaviors displayed by those languishing at their level of incompetence. Peter gave absurd and comedic

names to the tragic realities of working life. The root of the entire book, the condition of incompetence that Peter called “Final Placement Syndrome,” leads some to develop “Abnormal Tabulology” (an “unusual and highly significant arrangement of his desk”). This pathology is manifested, for example, in “Tabulatory Gigantism” (an obsession with having a bigger desk than his colleagues). My father’s business was especially afflicted with the “Teeter-Totter Syndrome” (“a complete inability to make decisions”) and “Cachinatory Inertia” (“the habit of telling jokes instead of getting on with business”). As with so many others who were buoyed by this international bestseller, Dr. Peter’s sense of the absurd helped my father combat this tragedy of ineptitude by responding with laughter rather than rage.

I have a soft spot for *The Peter Principle* because my dad loved it so much. Before revisiting it to write this foreword, I hadn’t read it since it was first published in 1969 (when I was fifteen). I expected it would be a quaint curiosity, that Dr. Peter’s old book would be largely irrelevant to today’s workplace. I presumed that the application of business knowledge developed over the last forty years would have stamped out many maladies described by Dr. Peter, that market forces would have eliminated many or most organizations that were riddled with incompetence, and that subsequent writings on the subject would be more useful and engaging than *The Peter Principle*. I was wrong on all three counts. Yes, the book is archaic in some ways, especially in its use of sexist language and examples. Yet the book’s main ideas remain as pertinent to running and working in an organization today as they were forty years ago. None of this would have surprised Dr. Peter, who depicted his ideas as timeless and immutable facts of organizational life. “Incompetence,” he argued, “knows no barrier of time or place.” Dr. Peter observed that one reason so many employees are incompetent is that the skills required to get a job often have nothing to do with what is required to do the job itself. The skills required to run a great political campaign have little to do with the skills required to govern. There is nothing about being a great surgeon that prepares a doctor to run a hospital. Learning to be a great litigator in no way prepares a lawyer to run a law firm. Many organizations, from hospitals to law firms, use such standards to select new leaders—yet devote little or no attention to their management skills. They often end up with lousy leaders and lose their best

individual performers. These observations remain just as true in 2009 as they did in 1969.

Or consider Dr. Peter's counterintuitive claim that "in most hierarchies, super-competence is more objectionable than incompetence." He warned that extremely skilled and productive employees often face criticism, and are fired if they don't start performing worse. Their presence "disrupts and therefore violates the first commandment of hierarchical life: the hierarchy must be preserved." Unfortunately, this pattern persists in many modern organizations. Several fantastic teachers that I know at prestigious universities have been pressured by peers and leaders to do a *worse* job of teaching because "you are making everyone else look bad." One of these professors insists that he received tenure partly because he worked to earn teaching evaluations that were no better than those of the professors who evaluated his case. Even the youngest super-competent people in our society still face criticism and ostracism—like nine-year-old Jericho Scott, a star little league baseball pitcher in New Haven, Connecticut. Jericho had never hurt an opposing player with his well-controlled, 40-mile-per-hour fastball. But when his coach refused to stop Jericho from pitching, the league hierarchy responded by barring Jericho from pitching and disbanding his undefeated team. Jericho's coach complained—to no avail—that his young star was punished for being too good. As for Jericho, he told the Associated Press that "I feel sad," and that "I feel like it's all my fault nobody could play." If Jericho wants to play in this league, I guess his choices are to play another position (like second base) where he isn't super-competent or to figure out how to become a mediocre pitcher.

Another reason *The Peter Principle* has no peer is that it somehow manages to be devilishly silly yet accurate and useful all at the same time. It reads like a first-rate parody of a business book—it reminds me of the best stuff in *Mad* magazine or the *Onion*. Satire works when it exposes the truth and upends fallacy. *The Peter Principle* is so funny because it is so true. It is filled with practical ideas that we can all use to limit the damage that incompetence does to our organizations and ourselves.

One reason the book is so hilarious is that Dr. Peter was not only an incisive thinker but masterfully creative with words. If Dr. Seuss and Peter Drucker had joined forces to write a business book, *The Peter Principle* might have been the result. Peter invented dozens of strange, stilted, and

pseudoscientific phrases and words. I suggest reading the glossary of over 100 phrases and words from “the science of hierarchiology” in the back before turning to the rest of the book. The translations will help you absorb Dr. Peter’s ideas more quickly and more deeply. Plus, the silly pseudoscientific jargon (paired with well-crafted definitions) will get you into the right mindset for entering Dr. Peter’s strange and wonderful world. Words he invented, such as *hierarchiology, structurophillia,* and *staticmanship,* weren’t in any dictionary in 1969, and don’t seem to have entered the English language some forty years later. And I can’t find any behavioral science research on terms such as “Percussive Sublimation” (“being kicked upstairs: a pseudo promotion ”) and “Peter’s Circumambulation” (“a detour around a super-incumbent,” who is “a person above you who, having reached his level of incompetence, blocks your path to promotion”). All these words sound just like the jargon used in well-developed scientific fields. Yet, unlike experts who unintentionally develop absurd and often incomprehensible jargon, Dr. Peter meant to be silly when he invented the language for a field that did not (and still does not) exist.

The silliness persists with the names invented for case studies of employees and organizations. People such as J. S. Minion, G. Spender, and Miss T. Totland, or organizations such as the Excelsior City Special Education Department, are given fake names, and it is often difficult to tell if the stories themselves are real or fictional. The boldness of Dr. Peter’s claims also somehow mocks the overconfidence that runs through most self-help and business books, while simultaneously making his arguments more convincing. He states repeatedly that “there are no exceptions to the Peter Principle.” This claim is absurd on the face of it because, as he says, “the science of hierarchiology” is based on limited evidence and requires much work to develop. Yet taking such a strong position enabled Dr. Peter to present his ideas in efficient and persuasive ways. I laughed a lot through Chapter III, which argues that all apparent exceptions to the Peter Principle are not exceptions at all. In rapid-fire fashion, he shows that Percussive Sublimation, the Paternal Instep (promoting a family member several steps above his or her level of incompetence), and a host of other apparent exceptions to the principle, in fact, demonstrate the power of the principle. By the end of the chapter, I suspect that many of the most cynical and logical readers will be convinced by his arguments.

That is the wonderful thing about *The Peter Principle.* It doesn't seem to matter that the jargon, names, and stories are fake. It doesn't seem to matter that many of the assertions are twisted and, at times, seemingly wildly illogical. Somehow, despite (or perhaps because) of all this nonsense, a host of accurate and useful ideas emerge from this masterpiece. The validity of these ideas isn't just supported by Dr. Peter's rhetorical flourish and keen eye. Many of Dr. Peter's ideas are also supported by modern behavioral science research.

Stanford Professor and renowned economist Edward P. Lazear published an academic paper in 2001 called "The Peter Principle: A Theory of Decline." Professor Lazear provides a string of impressive and (to most of us) incomprehensible mathematical formulas to explain why "individuals perform worse after having received promotion." He lends mathematical proof to the truths Peter revealed through close (and cynical) observation. Some of these formulas show that, even if all employees promoted to the next level were competent in their previous jobs, some percentage will be incompetent in their new jobs. Professor Lazear lifts this assertion directly from *The Peter Principle*. He then calculates—just as Dr. Peter proposed—that this age-old scenario occurs partly because performance standards get tougher as one moves up the hierarchy.

To give you a taste, here is just one of the many intertwined formulas Professor Lazear provides:

$$\mathbf{A + E(1 \mid A + 1\ A^*)\ A + E(2 \mid A + 1\ A^*)}$$

Got that? Neither do I. I have no idea what this formula means, but Lazear concludes after this fancy math: "Thus, expected ability falls for promoted individuals from period 1 to period 2."

Not all research that supports Dr. Peter's assertions about hierarchiology is so difficult to understand. Professor Lazear summarizes a host of other, simpler studies suggesting that people with stronger skills tend to be promoted more quickly and that people with weaker skills tend to get stuck in their current jobs after just one or two promotions—as *The Peter Principle* proposes. Research related to *The Peter Principle* confirms that many of these ideas aren't just right; they are also useful. Dr. Peter provides advice for employees who strive to rise to their level of incompetence as quickly as possible. We all fail upward, though some of us do so sooner than others. Dr. Peter explains, for example, how an employee can use a

“patron” to pull him up the hierarchy, along with details about how to motivate the patron, how to get around people who block the way, and ways that multiple patrons can join together to pull an employee up the hierarchy. Much of Dr. Peter’s advice about using “pull” echoes Jeffrey Pfeffer’s *Managing with Power*, the main text used in many business schools to teach MBAs how to get ahead in organizations. Pfeffer’s analysis and advice is more detailed and sophisticated, but the basic ideas are remarkably similar.

The Peter Principle also offers many promising ideas that have yet to be studied carefully. I would be curious, for instance, to see research on Dr. Peter’s assertion that ignorance is bliss. Peter contends that many employees never realize they have reached their level of incompetence, which he proposes is good for an employee because “he keeps perpetually busy, never loses his expectation of further promotion, and so remains happy and healthy.” This conclusion clashes with numerous experts who exhort employees—especially managers—to face “brutal truths” and “hard facts.” The idea behind most employee performance evaluations is that, if you give employees accurate feedback about their strengths and weaknesses, they will be motivated to eliminate the weaknesses, and thus perform better. Dr. Peter uses entirely different logic. He asserts that many employees in every organization have risen to their level of incompetence, all will do so eventually, and organizations rarely fire incompetent people. (Sounds right, doesn’t it?) Following this logic, performance evaluations given to people who have achieved “final placement” might best be used to fuel their delusions of competence—not to identify weaknesses they are incapable of repairing. I’ve never heard of a performance evaluation system designed to provoke ignorance and denial, but Dr. Peter’s logic suggests that such a system would lead to happier and healthier employees—thus reducing sick days and employee turnover.

Creative incompetence is another idea from *The Peter Principle* ripe for development. Peter believed that doing things badly, intentionally, and publicly was the best way for an employee to avoid final placement and, if widely applied, the best way to build organizations filled with competent people. Dr. Peter tells a story about “P. Greene,” a competent gardener who loved his work and had no interest in promotion to foreman. Rather than taking the risk of being offered a promotion (which would be difficult to decline), “P. Greene” intentionally loses numerous receipts and packing